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Consumer Decision-Making and Diffusion of Innovations

Learning Objectives

- 1 To understand the consumer's decision-making process.
- 2 To understand the dynamics of buying gifts.
- 3 To understand how innovative offerings gain acceptance within market segments and how individual consumers adopt or reject new products and services.

THIS CHAPTER integrates the concepts discussed so far into a framework that illustrates how consumers make buying decisions. Consumption decisions vary. For example, the ad featured in Figure 14.1 is by the Gemological Institute of America (GIA); a nonprofit educational institute of the jewelry industry. The tag line "Understand what you're buying" is directed at consumers seeking to buy diamonds. In consumer decision-making terms, purchasing a diamond represents extensive problem solving because consumers buy diamonds infrequently and have no established criteria for evaluating them. The GIA ad tells buyers what to look for in a diamond: Carat weight, clarity, color, cutting style, and other features. In contrast, the Advil ad in Figure 14.2 represents routinized response behavior, because consumers have experience with over-the-counter pain relievers and do not need to establish the criteria for evaluating them. More importantly, diamonds are not branded, whereas the Advil brand has a quality reputation and is instantly recognized by millions of consumers around the world. In stores, consumers reach for Advil without much thought. The ad also shows that Advil's reputation enables the brand to use family branding, which is marketing different versions of a product under the same brand (see Chapter 5).

When consumers have already established the basic criteria for evaluating a product or service but still need additional information to understand the differences among brands, they engage in limited problem solving. This type of decision occurs when consumers purchase updated versions of products they have bought before, which often have additional features. For example, buying a new laptop computer with multiple input devices, some of which did not exist previously (e.g., a mini disk slot or a faster USB port).

FIGURE 14.1
Purchase Decision: Extensive,
Problem Solving

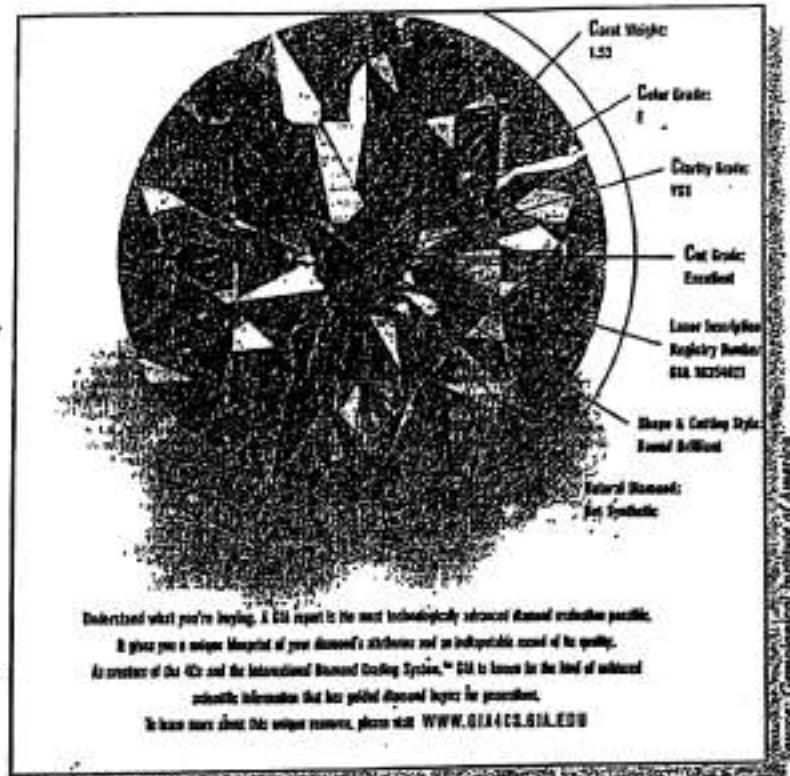


FIGURE 14.2
Purchase Decision: Routinized
Response Behavior

Millions have trusted Advil® for over 25 years.

fact: 
The medicine to Advil® is the #1 doctor recommendation for joint pain.

fact: 
Advil LiquidGels® are faster and stronger on tough pain than Tylenol® Extra Strength Gels.

fact: 
When pain is keeping you up, Advil PM gives you more sleep relief and less heart trouble than Tylenol PM.

fact: 
Advil Cold & Flu has a demonstrated ability to reduce swelling caused by nasal inflammation, where the real problem when it comes to sinus pressure.

fact: 
Advil's Advil reduces fever faster and keeps it down longer than Advil's Tylenol.

For relief you can trust, reach for Advil®.
Go to Advil.com to learn the facts.

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Consumer Decision-Making Model

Learning Objective

- 1 To understand the consumer's decision-making process.

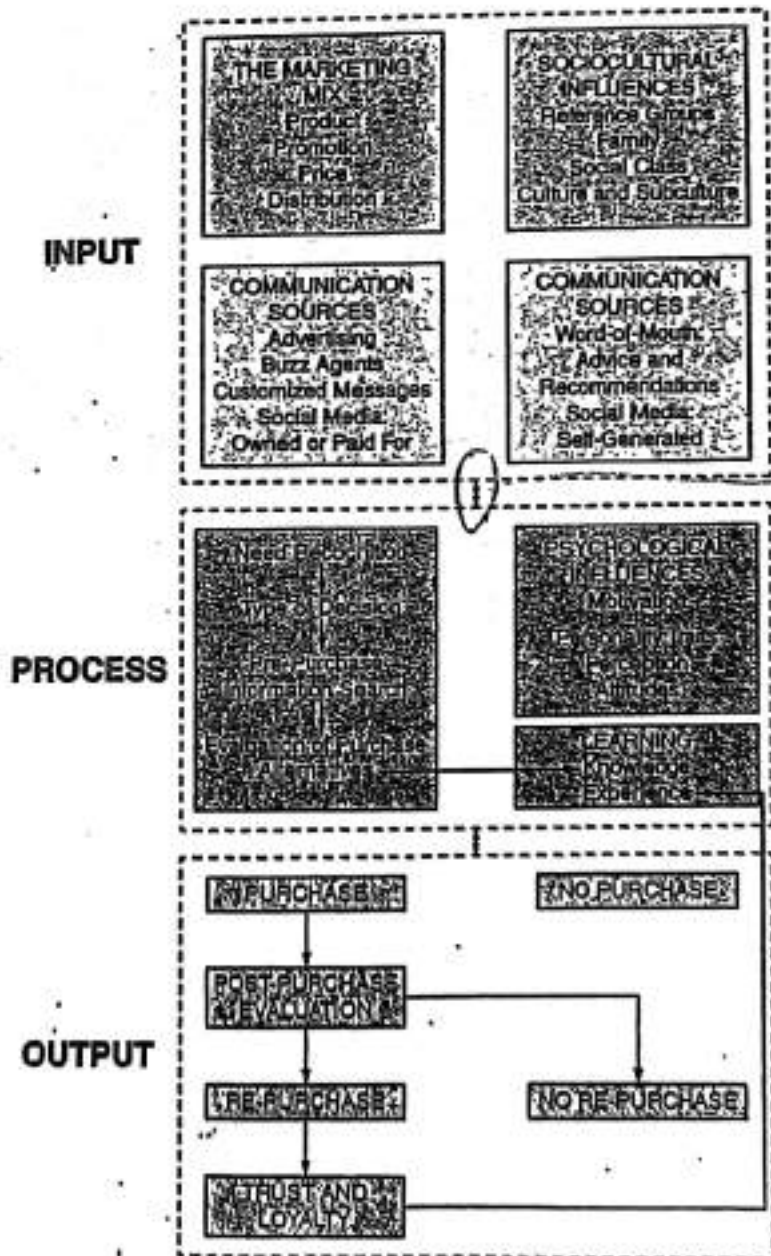
Figure 14.3 presents a model of consumer decision-making that ties together the ideas on consumer decision-making and consumption behavior discussed throughout this book. It does not presume to provide an exhaustive picture of the complexities of consumer decision-making. Rather, it is designed to synthesize and coordinate relevant concepts into a significant whole. The model includes three components: input, process, and output.

Decision-Making: Input

The input component of the consumer decision-making model includes three types of external influences:

1. The marketing mix consists of strategies designed to reach, inform, and persuade consumers to buy the marketer's products repeatedly. They include the product, advertising and other promotional efforts, pricing policy, and the distribution channels that move the product from the manufacturer to the consumer.
2. The sociocultural influences include the consumer's family, peers, social class, reference groups, culture, and, if applicable, subculture, which are discussed in Chapter 9 and Part Four.
3. The input also includes communications, which are the mechanisms that deliver the marketing mix and sociocultural influences to consumers and are described in Part Three.

FIGURE 14.3
Consumer Decision-Making Model



The impact of the marketing mix and sociocultural influences is the input that determines what consumers purchase and how they use what they buy. Because these influences may be directed to the individual or actively sought by the individual, a two-headed arrow is therefore used to link the *input* and *process* segments of the model (see Figure 14.3).

Decision-Making: Process

The process component of the model is concerned with how consumers make decisions. To understand this process, we must consider the influence of the psychological concepts examined in Part Two of this book. The model's *psychological field* consists of the internal influences (motivation, perception, learning, personality, and attitudes) that affect consumers' decision-making processes (what they need or want, their awareness of various product choices, their information-gathering activities, and their evaluation of alternatives).

Need Recognition

Need recognition occurs when a consumer is faced with a "problem." For instance, take a young executive who decides to purchase a new cell phone with a high-quality digital camera. He imagines that he would benefit from having a high-quality digital camera built into his phone because it would make it easier and more convenient to take more vivid and realistic photos, without having to lug around a separate digital camera. This executive has recognized a need and identified a suitable response.



There are two types of need recognition. Some consumers are *actual state* types, who perceive that they have a problem when a product fails to perform satisfactorily (e.g., a cordless telephone that develops constant static). In contrast, other consumers are *desired state* types, for whom the desire for something new may trigger the decision process.¹

Pre-Purchase Search

Pre-purchase search begins when a consumer perceives a need that might be satisfied by the purchase and consumption of a product. Sometimes, recalling past purchases provides the consumer with adequate information to make the present choice. However, when the consumer has had no prior experience, he or she may have to engage in an extensive search for useful information on which to base a choice.

The consumer usually searches his or her memory (the *psychological field*) before seeking external sources of information regarding a given consumption-related need. Past experience is considered an *internal* source of information. The greater the relevant past experience, the less external information the consumer is likely to need to reach a decision. Many consumer decisions are based on a combination of previous experience (internal sources) and marketing and noncommercial information (external sources). The degree of perceived risk can also influence this stage of the decision process (see Chapter 4). In high-risk situations, consumers are likely to engage in complex and extensive information search and evaluation; in low-risk situations, they are likely to use very simple or limited search and evaluation.

The act of shopping is an important form of external information. According to consumer research, there is a big difference between men and women in terms of their response to shopping. Whereas most men do not like to shop, most women claim to like the experience of shopping; and although the majority of women found shopping to be relaxing and enjoyable, the majority of men did not feel that way.²

An examination of the external search effort associated with the purchase of different product categories found that, as the amount of total search effort increased, consumer attitudes toward shopping became more positive, and more time was made available for shopping. Not surprisingly, the external search effort was greatest for consumers who had the least amount of product category knowledge.³ It follows that the less consumers know about a product category and the more important the purchase is to them, the more extensive their pre-purchase search is likely to be. Conversely, consumers high in subjective knowledge (a self-assessment of how much they feel that they know about the product category) will rely more on their own evaluations rather than on others' recommendations.

It is also important to point out that the Internet has had a great impact on pre-purchase search. Rather than visiting a store to find out about a product, or calling the manufacturer and asking for a brochure, consumers can go to manufacturers' websites to find much of the information they need about the products and services they are considering. For example, many automobile websites provide product specifications, prices, and dealer cost information; reviews; and even comparisons with competing vehicles. Volvo's website, for example, lets you "build" your own car, and see how it

would look, for example, in different colors. Some auto company websites will even list a particular auto dealer's new and used car inventory. There are also websites that allow women to customize a large number of cosmetic products.

With respect to surfing the Internet for information, consider one consumer's comments drawn from a research study: "I like to use the Web because it's so easy to find information, and it's really easy to use. The information is at my finger-tips and I don't have to search books in libraries."⁴ However, a Roper Starch Survey found that an individual searching the Internet gets frustrated in about 12 minutes, on average; other research suggested that although the Internet may reduce physical effort, there is nevertheless a "cognitive challenge" that limits consumers' online information searches.⁵

What happens if a search is a failure? According to a study of "search regret," consumers' post-purchase dissonance results from an unsuccessful pre-purchase search.⁶ Furthermore, the same research revealed that failure can also have a damaging effect on retailers. However, retailers can help eliminate or reduce search regret by providing ample information, trying to reduce out-of-stock situations, and giving salespeople proper training.⁷

How much information a consumer will gather also depends on various situational factors. Table 14.1 lists several factors that increase consumers' pre-purchase information search. For some products and services, the consumer may have ongoing experience on which to draw (such as a golfer purchasing a "better" set of golf clubs), or the purchase may essentially be discretionary in nature (rather than a necessity), so there is no rush to make a decision.

Online versus Traditional Information Search

For a while now, researchers have been examining how the Internet has affected the way consumers make decisions. It is often thought that because consumers have limited information-processing capacity, they must develop a strategy for searching for information online. The strategy is based on both individual (e.g., knowledge, personality traits, demographics) and contextual factors (characteristics of the decision tasks). The three major contextual factors that have been researched are:⁸

1. *Task Complexity* – the number of alternatives and amount of information available for each alternative.
2. *Information Organization* – the presentation, format, and content.
3. *Time Constraint* – the amount of time the consumer has to decide.

Brand-Sets and Attributes Considered During Evaluation

Within the context of consumer decision-making, the evoked set (consideration set) refers to the specific brands (or models) a consumer considers in making a purchase within a particular product category. An inept set consists of brands (or models) that the consumer excludes from purchase.

TABLE 14.1 Factors That Influence Pre-Purchase Information Search

PRODUCT FACTORS

- Long periods of time between successive purchases
- Frequent changes in product styling
- Frequent price changes
- Volume purchasing (large number of units)
- High price
- Many alternative brands
- Much variation in features

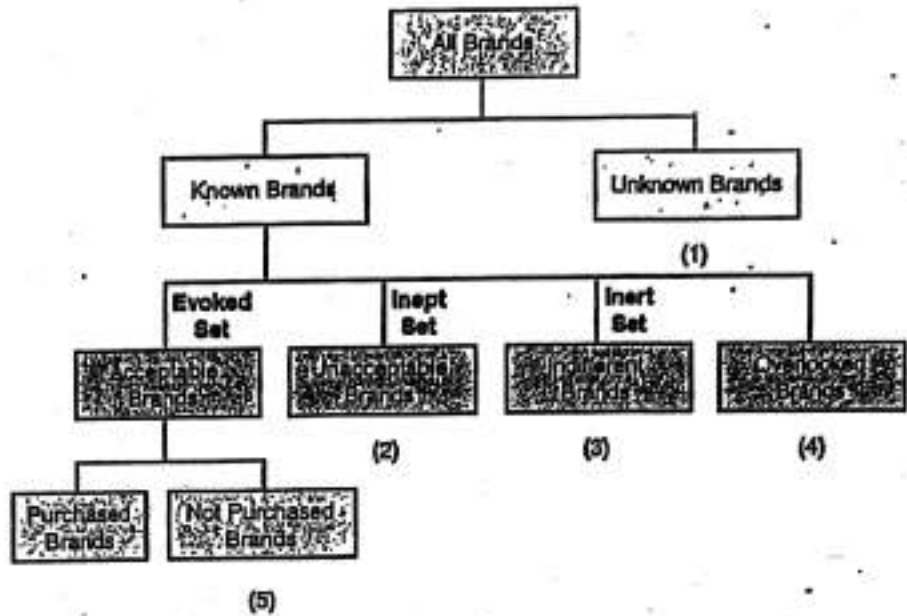
SITUATIONAL FACTORS

- Experience:* First-time purchase; No past experience because the product is new; Unsatisfactory past experience within the product category.
- Social Acceptability:* The purchase is for a gift; The product is socially visible.
- Value-Related Considerations:* The purchase is discretionary rather than necessary; All alternatives have both desirable and undesirable consequences; Family members disagree on product requirements or evaluation of alternatives; Product usage deviates from important reference groups; The purchase involves ecological considerations; Many sources of conflicting information.

CONSUMER FACTORS

- Demographics:* Education, income, occupation, age, wealth, and marital status.
- Personality Traits:* One's degree of dogmatism, willingness to accept risk, product involvement, and novelty seeking.

FIGURE 14.4
Brand-Sets Considered During
Evaluation



consideration because they are unacceptable or seen as inferior. An inert set consists of brands (or models) the consumer is indifferent toward because they are perceived as not having any particular advantages. Regardless of the total number of brands (or models) in a product category, a consumer's evoked set tends to be quite small on average, often consisting of only three to five brands or models.

The evoked set consists of the small number of brands the consumer is familiar with, remembers, and finds acceptable. Figure 14.4 shows the evoked set as a subset of all available brands in a product category. Marketers must ensure that their products become a part of a consumer's evoked set if they are to be considered at all. Excluded products include:

1. Unknown brands or models because of the consumer's selective exposure to advertising media and selective perception of advertising stimuli.
2. Unacceptable brands of poor quality or not having specific features or attributes or inappropriate positioning in either advertising or product characteristics.
3. Brands that are perceived as not having any special benefits.
4. Overlooked brands that have not been clearly positioned.
5. Brands that are not selected because they do not satisfy perceived needs.

In each of these instances, the implication for marketers is that promotional techniques should be designed to impart a more favorable and relevant product image to the target consumer. This may also require a change in product features or attributes (more or better features). An alternative strategy is to get consumers in a particular target segment to consider a specific offering and possibly put it in their evoked set.

Research also suggests that the use of white space and choice of typeface in advertisements may influence the consumer's image of the product. For example, quality, prestige, trust, attitude toward the brand, and purchase intention have been shown to be positively conveyed by white space, and typefaces were perceived as being attractive, warm, and liked when they were simple, more natural, and included serifs.⁹ It has also been suggested that consumers may not, all at once, incorporate the entire number of possible choices into their evoked set, but instead may make several decisions within a single decision process. Consumers screen their options and eliminate unsuitable alternatives before they start the information search process, which makes reaching a final decision more manageable.¹⁰

¹ In reality, the criteria consumers use to evaluate the products within their evoked sets are in the form of important product attributes. In addition to price, examples of product attributes that consumers have used while evaluating product are:

1. *E-Book readers*: Size, weight, touch screen, battery life, memory size, and the compatibility with a cell phone signal.
2. *Orange juice*: Amount of pulp, degree of sweetness, weakness or strength of flavor, color, and packaging.
3. *Wristwatches*: Alarm features, water resistance, quartz movement, and size of dial.

When a company knows that consumers will be evaluating alternatives, it sometimes advertises in a way that recommends the criteria consumers should use in assessing product or service options. We have probably all had the experience of comparing or evaluating different brands or models of a product and finding the one that just feels, looks, and/or performs "just right." Interestingly, research shows that when consumers discuss such "right" products, there is little or no mention of price; items often reflect personality characteristics or childhood experiences; and it is often "love at first sight." In one study, the products claimed to "just feel right" included Big Bertha golf clubs, old leather briefcases, Post-it notes, and the Honda Accord.¹¹

Research has explored the influence of brand credibility (which consists of trustworthiness and expertise) on brand choice, and has found that it improves the chances that a brand will be included in the consumer's evoked set. Three factors that affect a brand's credibility are: The perceived quality of the brand, the perceived risk associated with the brand, and the information costs saved by deciding to buy the brand and end the search for information.¹² Furthermore, the study indicated that trustworthiness is more important than expertise when it comes to making a choice.

Consumer Decision Rules

Decision rules are procedures that consumers use to facilitate brands and other consumption-related choices. These rules reduce the burden of making complex decisions by providing guidelines or routines that make the process less taxing. There are two types of consumer decision rules. Compensatory decision rules come into play when a consumer evaluates brand or model options in terms of each relevant attribute and computes a weighted or summated score for each brand. The computed score reflects the brand's relative merit as a potential purchase choice. The assumption is that the consumer will select the brand that scores highest among the alternatives evaluated. In contrast, noncompensatory decision rules do not allow consumers to balance positive evaluations of a brand on one attribute against a negative evaluation on some other attribute.

There are three types of noncompensatory rules. In following a conjunctive decision rule, the consumer establishes a separate, minimally acceptable level as a cutoff point for each attribute. If any particular brand or model falls below the cutoff point on any one attribute, that option is eliminated from further consideration. Because the conjunctive rule can result in several acceptable alternatives, it becomes necessary in such cases for the consumer to apply an additional decision rule to arrive at a final selection (for example, accepting the first satisfactory brand). The conjunctive rule is particularly useful in quickly reducing the number of alternatives to be considered. The consumer can then apply another, more refined decision rule to arrive at a final choice.

In following a lexicographic decision rule, the consumer first ranks the attributes in terms of perceived relevance or importance. The consumer then compares the various alternatives in terms of the single attribute that is considered most important. If one option scores sufficiently high on this top-ranked attribute (regardless of the score on any of other attributes), it is selected and the process ends. When there are two or more surviving alternatives, the process is repeated with the second highest-ranked attribute (and so on), until the consumer reaches the point that one of the options is selected because it exceeds the others on a particular attribute.

With the lexicographic rule, the highest-ranked attribute (the one applied first) may reveal something about the individual's basic consumer (or shopping) orientation. For instance, a "buy the best" rule might indicate that the consumer is *quality oriented*; a "buy the most prestigious brand" rule might indicate that the consumer is *status oriented*; a "buy the least expensive" rule might reveal that the consumer is *economy minded*.

A variety of decision rules appear quite commonplace. According to a consumer survey, nine out of ten shoppers who go to the store for frequently purchased items possess a specific shopping strategy for saving money:¹³

1. **Practical Loyalists**—those who look for ways to save on the brands and products they would buy anyway.
2. **Bottom-Line Price Shoppers**—those who buy the lowest-priced item with little or no regard for brand.
3. **Opportunistic Switchers**—those who use coupons or sales to decide among brands and products that fall within their evoked set.
4. **Deal Hunters**—those who look for the best bargain and are not brand loyal.

نعم، سأذكر لك قافية في لادنة
لأذا لم يحقق الكمال في بلدي
لقد كنت أكون
يرتبط الكرامة التي ينبغي عفا في المنهج
حسب اللاحقة، أحسنه ثم لبقاء
بين عداوة الضمير ليد صابر
بين الكرامة الأسمى في الأوج
ينقل للثانية، صابرا
ش

TABLE 14.2 Applying the Decision Rules to Purchasing an E-Book Reader

DECISION RULE	RATIONALE
Compensatory	"I selected the e-book reader that came out as the best when I balanced the good ratings against the bad ratings."
Conjunctive	"I selected the e-book reader netbook that had no bad features."
Disjunctive	"I picked the e-book reader that excelled in at least one attribute."
Lexicographic	"I chose the e-book reader that scored the best on the attribute that I consider to be the most important."
Affect referral	"I bought the brand with the highest overall rating."

We have considered only the basic consumer decision rules. Most of the decision rules described here can be combined to form new variations, such as conjunctive-compensatory, conjunctive-disjunctive, and disjunctive-conjunctive rules. It is likely that, for many purchase decisions, consumers maintain in long-term memory overall evaluations of the brands in their evoked sets. This would make assessment by individual attributes unnecessary. Instead, using the affect referral decision rule, the consumer selects the brand with the highest perceived overall rating. This type of synthesized decision rule represents the simplest of all rules.

Table 14.2 applies the decision rules to purchasing an e-book reader.

Decision Rules and Marketing Strategy

An understanding of which decision rules consumers apply in selecting a particular product or service is useful for marketers in developing promotional programs. A marketer who is familiar with the prevailing decision rule can prepare a promotional message in a format that will facilitate consumer information processing. The promotional message might even suggest how potential consumers should make a decision. For instance, an advertisement for the latest cell phone might tell potential consumers "what to look for in a new feature-rich cell phone." The ad might advise consumers to consider the attributes of long battery life, high-resolution screen, high-resolution video recording, and a particularly high-quality digital camera.

Incomplete Information and Noncomparable Alternatives

In many decision-related situations, consumers have incomplete information on which to base decisions and must use alternative strategies to compensate for the missing elements. Missing information may result from advertisements or packaging that mention only certain attributes, the consumer's own imperfect memory of attributes for no present alternatives, or because some attributes are experiential and can only be evaluated after product use. There are four ways in which consumers can cope with missing information:

1. Consumers may delay the decision until the missing information is obtained.
2. Consumers may ignore missing information and decide to continue with the decision process using only the available information.
3. Consumers may change the decision strategy to one that better accommodates missing information.
4. Consumers may infer ("construct") the missing information.

In discussing consumer decision rules, we have assumed that a choice is made from among the brands (or models) evaluated. Of course, a consumer may also conclude that none of the alternatives offers sufficient benefits to warrant purchase. If this were to occur with a necessity, such as a home water heater, the consumer would probably either lower his or her expectations and settle for the best of the available alternatives or seek information about additional brands, hoping to find one that more closely met predetermined criteria. In contrast, if the purchase is more discretionary (e.g., a new pair of shoes), the consumer probably would postpone the purchase. In this case, information gained from the search up to that point would be transferred to long-term storage and retrieved and reintroduced as input when the consumer regained interest in making such a purchase (see Chapter 5).

Decision-Making: Output

The output portion of the consumer decision-making model consists of purchase behaviors and post-purchase evaluation of the purchases. Consumers make three types of purchases. When a consumer purchases a product (or brand) for the first time and buys a smaller quantity than usual, the purchase is a trial. Thus, a trial is the exploratory phase of purchase behavior in which consumers attempt to evaluate a product through direct use. For instance, when consumers purchase a new brand of laundry detergent about which they may be uncertain, they are likely to purchase a smaller quantity than if it were a familiar brand. Consumers can also be encouraged to try a new product through such promotional tactics as free samples, coupons, and/or sale prices.

When a new brand in an established product category (cookies, cold cereal, yogurt) is found by trial to be more satisfactory or better than other brands, consumers are likely to repeat the purchase. Repeat purchase behavior represents brand loyalty. Unlike a trial, in which the consumer uses the product on a small scale and without any commitment, a repeat purchase usually signifies that the product meets with the consumer's approval and that he or she is willing to use it again and in larger quantities.

Trial purchases are not always feasible. For example, with most durable goods (e.g., refrigerators, washing machines, electric ranges), a consumer usually moves directly from evaluation to a purchase and long-term commitment without an actual trial. While purchasers of a new Volkswagen Beetle were awaiting delivery of their just-purchased cars, they were kept "warm" by receiving a mailing that included a psychographic tool called "Total Visual Imagery" that was personalized to the point that it showed them the precise model and color they had ordered.¹⁴

Still further, post-purchase evaluation occurs after consumers have used the product, and in the context of their expectations. When a product's performance matches expectations, consumers feel neutral. Positive disconfirmation of expectations occurs when the product's performance exceeds expectations and the consumer is satisfied. Negative disconfirmation of expectations occurs when performance is below expectations and the consumer is dissatisfied.

Cognitive dissonance (see Chapter 6) occurs when consumers try to reassure themselves that they made wise choices. In doing so, they may rationalize the decision as being wise; seek advertisements that support their choice and avoid those of competitive brands; attempt to persuade friends or neighbors to buy the same brand (and thereby confirm their own choice); or turn to other satisfied purchasers for reassurance.

The degree of post-purchase analysis that consumers undertake depends on the importance of the product decision and the experience acquired in using the product. When the product lives up to expectations, the consumers probably will buy it again. When the product performance is disappointing or does not meet expectations, they will search for better alternatives. Thus, the consumer's post-purchase evaluation "feeds back" to the consumer's psychological field and influences similar decisions in the future. Studies show that customer retention is often an outcome of the brand's reputation—especially for products that consumers find difficult to evaluate.¹⁵ Research also found that younger customers have more involvement and higher expectations of service offerings and often experience cognitive dissonance after purchasing services.¹⁶

Satisfied customers feel that they receive "value for their money." As an outcome of an evaluative judgment (i.e., the consumer purchases one of the brands or models in his or her evoked set), value implies the notion of a trade-off of benefits—the features of the purchased item—versus the sacrifice necessary to purchase it (the price of the product).¹⁷ As early as 1911, researchers suggested that one should view consumption as "voting." Just as a consumer influences a political election by the act of voting, that same consumer influences the environment and society by his or her purchases.¹⁸

Consumer Gifting Behavior

Learning Objective

- 2 To understand the dynamics of buying gifts.

Gifts are a particularly interesting part of consumer decision-making. Gifts represent more than ordinary, "everyday" purchases, because they are symbolic, and mostly associated with important events (e.g., Mother's Day, births and birthdays, engagements, weddings, graduations, and many other accomplishments and milestones). Gifting behavior is a gift exchange that takes place between a giver and a recipient. The definition is broad in nature and embraces gifts given voluntarily ("Just to let you know I'm thinking of you"), as well as gifts that are an obligation ("I had to get

him a gift").¹⁹ It includes gifts given to (and received from) others and gifts to oneself ("self-gifts"). Moreover, the majority of products that we refer to as "gifts" are in fact items that we purchase for ourselves.

Gift-giving represents symbolic communication, with meanings ranging from congratulations, love, and regret to obligation and dominance. The nature of the relationship between gift giver and gift receiver determines the gift chosen, but can also have an impact on the subsequent relationship between the giver and the recipient.²⁰ There are several types of gifts:²¹

1. **Intergroup Gifting** occurs whenever one group exchanges gifts with another group (such as one family with another). Similarly, gifts given to families will be different than those given to individual family members. For example, a "common sense" wedding gift may include products for setting up a household rather than a gift that would be used personally by either the bride or the groom.
2. **Intercategory Gifting** takes place when either an individual is giving a gift to a group (a single friend is giving a couple an anniversary gift) or a group is giving an individual a gift (friends chip in and give another friend a joint birthday gift). The gift selection strategies "buy for joint recipients" or "buy with someone" are especially useful when it comes to a difficult recipient situation (when "nothing seems to satisfy her"). These strategies can also be applied to reduce some of the time pressure associated with shopping for the great number of gifts exchanged during the American Christmas-season gift-giving ritual. For example, a consumer may choose to purchase five intercategory gifts for five aunt-and-uncle pairs (intercategory gifting), instead of buying ten personal gifts for five aunts and five uncles (interpersonal gifting). In this way, less time, money, and effort may be expended.²²
3. **Intragroup Gifting** is characterized by the sentiment "we gave this to ourselves"; that is, a group gives a gift to itself or its members. For example, a dual-income couple may find that their demanding work schedules limit leisure time spent together as husband and wife. Therefore, an anniversary gift ("to us") of a long weekend in Las Vegas would be an example of an intragroup gift. It would also remedy the couple's problem of not spending enough time together. In contrast, interpersonal gifting occurs between just two individuals: the gift giver and the gift receiver. By their very nature, interpersonal gifts are intimate because they provide an opportunity for a gift giver to reveal what he or she thinks of the gift receiver. Successful gifts communicate that the giver knows and understands the receiver and their relationship. For example, a pair of "just the right" cufflinks given to a friend is viewed by the receiver as "she really knows me." In contrast, an electric can opener given as a Valentine's Day gift, when the recipient is expecting a more intimate gift, can mean the deterioration of a relationship.

Researchers have discovered that both male and female gift givers feel more comfortable in giving gifts to the same sex. However, they also experienced more intense feeling with respect to gifts given to members of the opposite sex.²³ Additionally, although females get more pleasure than males from giving gifts, and generally play the dominant role in gift exchanges, both sexes are strongly motivated by feelings of obligation. Still further, everyone knows that selecting and giving a gift often causes "gifting anxiety" on the part of the givers, the recipients, and the gifting situations. Knowledge of gender differences is therefore useful for marketers, because it implies that additional support might be appreciated at the point of purchase (while in a store) when a consumer is considering a gift for an opposite-sex recipient.

One study of gifts purchased online found that variety-seeking (see Chapter 5) extends to gifting, as subjects with this trait considered a wider range of product categories when buying gifts for others.²⁴ A Hong Kong study identified a continuum of gift receivers: "romantic other," "close friend," and "just friends." For example, a gift given to a "romantic other" involves a high emotional expectation, but one given to a friend has a low emotional expectation.²⁵

Intrapersonal gifting, or a self-gift, occurs when the giver and the receiver are the same individual.²⁶ A self-gift is a state of mind. If a consumer sees a purchase as the "buying of something I need," then it is simply a purchase. In contrast, if the same consumer sees the same purchase as a "self-gift," then it is something special, with special meaning. Consumers may treat themselves to self-gifts that are products (clothing, compact disks, or jewelry), services (hairstyling, restaurant meals, spa membership), or experiences (socializing with friends). For example, while purchasing holiday gifts for others, some consumers find themselves in stores that they might not otherwise visit or find themselves looking at merchandise (such as a scarf) that they want but would not ordinarily buy.

The gifting process starts with the question: "Should I give a gift to X?" The answer can be yes or no depending on a variety of factors (e.g., relationship, occasion). If the answer is yes, the gift giver continues by asking: "What shall I give X as a gift?" This leads to the next question: "Do I want

to give X something that X desires (i.e., do I want to put in some real effort researching the gift)? If the answer is yes, the gift giver is then faced with the question: "How do I learn what X desires as a gift?" Here there are two choices: predicting the preferences of the recipient or asking the recipient what he or she desires. If the consumer answers no to the question, "Do I want to give X something that X desires?" then the gift giver has two choices (according to the model): (1) to give a gift that he or she would like (i.e., "To you for me"), or (2) to give a gift that attempts to alter or improve the gift receiver to the gift giver's liking (i.e., "Identify imposition"). The symbolic messages associated with these gifts tend to be less valued by the recipient. If preference prediction rather than direct questioning of the recipient for a gift idea is chosen, then there will be an element of surprise. In addition, if the giver does not bother to learn the recipient's preferences, then the outcome can also be a surprise—but maybe not a good surprise.²⁷

Diffusion and Adoption of Innovations

Learning Objective

- 3 To understand how innovative offerings gain acceptance within market segments and how individual consumers adopt or reject new products and services.

Diffusion of innovations is the macro process by which the acceptance of an innovation (i.e., a new product, new service, new idea, or new practice) takes place among members of a social system (or market segments), over time. This process includes four elements:

1. *The Innovation*: new product, model, or service.
2. *The Channels of Communication*: informal or formal, impersonal or personal groups.
3. *The social system*: a market segment.
4. *Time*.

In contrast, the innovation adoption process is a micro process that focuses on the stages through which an individual consumer passes when deciding to accept or reject a new product.

Types of Innovations

The definition of what is a "new product" varies among product developers and marketing strategists. From a consumer perspective, an innovation represents any item that the consumer perceives as new. Many marketers maintain that new products should be classified into three categories reflecting the extent to which they require consumers to change existing consumption behavior or buying patterns.

1. A continuous innovation has the least disruptive influence on established behavior. It involves the introduction of a modified product rather than a totally new product. Examples include the newly redesigned Apple MacBook, the latest version of Microsoft Office, reduced-fat Oreo cookies, Hershey Cacao (i.e., a form of dark) chocolate bars, American Express gift cards, Band-Aid Tough-Strips, and the Oral-B® Advantage Glide. Figure 14.2 is an example of continuous innovation.
2. A dynamically continuous innovation is somewhat more disruptive than a continuous innovation but still does not alter established behavior. It may involve the creation of a new product or the modification of an existing product. Examples include digital cameras, digital video recorders, MP3 players, DVRs, USB flash drives, and disposable diapers.
3. A discontinuous innovation requires consumers to adopt new behavior. Examples include airplanes, radios, TVs, automobiles, fax machines, PCs, videocassette recorders, medical self-test kits, and the Internet.

Product Features That Affect Adoption

Not all new products are equally likely to be adopted by consumers. Some products catch on very quickly (e.g., affordable cell phones), whereas others take a very long time to gain acceptance or never seem to achieve widespread consumer acceptance (e.g., electric cars). Diffusion researchers have identified five product characteristics that influence consumer acceptance of new products, which are detailed next.²⁸

Relative advantage is the degree to which potential customers perceive a new product as superior to existing substitutes. For example, cellular telephones enable users to be in communication with the world and allows users to both receive and place calls and text messages. The fax machine offers users a significant relative advantage in terms of ability to communicate. A document can be

transmitted in as little as 15 to 18 seconds at perhaps one-tenth the cost of an overnight express service, which will not deliver the document until the following day. (Of course, sending the document as an attachment to an email entails no cost and, like a fax, gets delivered in seconds.)

Compatibility is the degree to which potential consumers feel a new product is consistent with their present needs, values, and practices. For instance, an advantage of 3M's Scotch Pop-up Tape Strips is that they are easier to use than roll tape for certain tasks (such as wrapping gifts), yet they represent no new learning for the user. Similarly, in the realm of shaving products, it is not too difficult to imagine that a few years ago, when Gillette introduced the Fusion razor, some men made the transition from inexpensive disposable razors and other men shifted from competitive nondisposable razors (including Gillette's own MACH3 razors) to using the new product. This newer product is fully compatible with the established wet-shaving rituals of many men. However, it is difficult to imagine male shavers shifting to a new depilatory cream designed to remove facial hair. Although potentially simpler to use, such a cream is incompatible with most men's current values regarding daily shaving practices.

Compatibility varies across cultures. For example, although shelf-stable milk (milk that does not require refrigeration unless it has been opened) has been successfully sold for years in Europe, Americans thus far have generally resisted the aseptic milk package.

Complexity—the degree to which a new product is difficult to understand or use—affects product acceptance. Clearly, the easier it is to understand and use a product, the more likely that product is to be accepted. For example, the acceptance of such convenience foods as frozen french fries, instant puddings, and microwave dinners is generally due to their ease of preparation and use. Interestingly, although DVD players can be found in most American homes, many adults require the help of their children to use the devices to record particular television programs. The introduction of cable boxes with built-in DVRs has helped to reduce the ongoing challenge involved in easily recording a TV program. A study of the adoption of mobile commerce transactions conducted via a mobile device or wireless telecommunication found that "perceived ease of use" had a positive effect on the intention to adopt.²⁹

The issue of complexity is especially important when attempting to gain market acceptance for high-tech consumer products. Four predominant types of "technological fear" act as barriers to new-product acceptance: (1) Fear of technical complexity, (2) fear of rapid obsolescence, (3) fear of social rejection, and (4) fear of physical harm. Of the four, technological complexity was the most widespread concern of consumer innovators.³⁰

Trialability refers to the degree to which a new product can be tried on a limited basis. The greater the opportunity to try a new product, the easier it is for consumers to evaluate the product and ultimately adopt it. In general, frequently purchased household products tend to have qualities that make trial relatively easy, such as the ability to purchase a small or "trial" size. Because a computer program cannot be packaged in a smaller size, many computer software companies offer free working models (demo versions) of their latest software to encourage computer users to try the program and subsequently buy the program.

Aware of the importance of trial, marketers of new supermarket products commonly use substantial cents-off coupons or free samples to provide consumers with direct product experience. In contrast, durable items, such as refrigerators or ovens, are difficult to try without making a major commitment. This may explain why publications such as Consumer Reports are so widely consulted for their ratings of infrequently purchased durable goods.

Observability (communicability) is the ease with which a product's benefits or attributes can be observed, imagined, or described to potential consumers. Products that have a high degree of social visibility, such as fashion items, are more easily diffused than products that are used in private, such as a new type of deodorant. Similarly, a tangible product is promoted more easily than an intangible product (such as a service).

The Adoption Process

The innovation adoption process consists of five stages through which potential consumers pass in attempting to arrive at a decision to try or not to try a new or innovative product. The five stages are:

1. **Awareness:** The consumer becomes aware that an innovation exists.
2. **Interest:** The consumer becomes interested in the innovative product or service.
3. **Evaluation:** The consumer undertakes a "mental trial" of the innovation.
4. **Trial:** The consumer tries the innovation.
5. **Adoption:** If satisfied, the consumer decides to use the innovation repeatedly.

Although the traditional adoption process model is insightful in its simplicity, it does not adequately reflect the full complexity of the consumer adoption process. For one thing, it does not adequately acknowledge that quite often, consumers face a need or problem-recognition stage before acquiring an awareness of potential options or solutions (a need recognition preceding the awareness stage). Moreover, the adoption process model does not adequately provide for the possibility of evaluation and rejection of a new product or service after each stage, especially after trial (i.e., a consumer may reject the product after trial or never use the product on a continuous basis). Finally, it does not include post-adoption or post-purchase evaluation, which can lead to a strengthened commitment or to discontinued use.

Summary

Learning Objective 1: To understand the consumer's decision-making process.

Not all consumer decision-making situations require the same degree of information research. Extensive problem solving occurs when consumers have no established criteria for evaluating an item within a product category. Limited problem solving occurs when consumers have established the basic criteria for evaluating the product category, but need more information to decide among the brands and product models available. Routinized response behavior occurs when consumers have experience with the product category and the brands offered and buy items often and almost instinctively. A model of consumer decision-making ties together the consumption behavior discussed throughout this book. It includes three components: Input, process, and output.

Learning Objective 2: To understand the dynamics of buying gifts.

Gifts represent more than ordinary, everyday purchases, because they are symbolic, and mostly associated with important events. Gifting behavior is a gift exchange that takes place between

a giver and a recipient. The definition is broad in nature and embraces gifts given voluntarily, as well as gifts that are an obligation. It includes gifts given to (and received from) others and gifts to oneself (self-gifts). Moreover, the majority of products that we refer to as "gifts" are in fact items that we purchase for ourselves.

Learning Objective 3: To understand how innovative offerings gain acceptance within market segments and how individual consumers adopt or reject new products and services.

Diffusion of innovations is the macro process by which the acceptance of an innovation (i.e., a new product, service, idea, or practice) takes place among members of a social system (or market segments), over time. This process includes four elements: (1) The innovation (new product, model, service); (2) the channels of communication (informal or formal, impersonal or personal groups); (3) the social system (a market segment); and (4) time.

In contrast, the innovation adoption process is a micro process that focuses on the stages through which an individual consumer passes when deciding to accept or reject a new product.

Review and Discussion Questions

- 14.1. To what extent does the channel of communication affect the level of success of a new innovative product? Think of examples that have been successful and unsuccessful due to channels of communication.
- 14.2. What are the differences among the three problem-solving decision-making approaches? What type of decision process would you expect most consumers to follow in their first purchase of a new product or brand in each of the following areas: (a) Chewing gum, (b) Sugar, (c) Men's aftershave lotion, (d) Carpeting, (e) Paper towels, (f) Smartphone, and (g) Luxury car? Explain your answers.
- 14.3. Consumers purchase products to satisfy their needs; these could be luxury items or products that are necessary. Many large consumer purchases require in-depth comparisons in terms of price, quality, and brand. Imagine you are looking to purchase a product that involves research and comparison. What influences your decision to purchase one particular product over another?
- 14.4. How can Apple use its knowledge of customers' expectations in designing a marketing strategy for a new iPad?
- 14.5. How do consumers reduce post-purchase dissonance? How can marketers provide positive reinforcement to consumers after the purchase to reduce dissonance?
- 14.6. The mobile telephone has vastly improved over the last few decades. It had its humble beginnings in the 1970s when Motorola saw the need for better communication. In today's society, users not only use mobile phones for phone calls and text messages, but many have their emails and social networks synced on their devices, staying connected at all times. Identify and explore who the first consumers of the mobile telephone were. Were they consumer innovators or non-innovators?
- 14.7. Think of the last time you purchased a gift for someone special. How did you know what that person would like, and what did you consider when purchasing the gift?

Hands-on Assignments

- 14.8. Identify a product, service, or style that was recently adopted by you and/or some of your friends. Identify what type of innovation it is and describe its diffusion process up to this point in time. What are the characteristics of the people who adopted it first? What types of people did not adopt it? What features of the product, service, or style are likely to determine its eventual success or failure?
- 14.9. It is difficult to find a global definition for the term "innovation," as it takes many forms. Organizations such as Google and the Virgin Group have succeeded in highly competitive industries due to their ability to provide some form of innovation — this could be obvious innovations of products or services, such as the move from black-and-white televisions to today's flat screens; innovation could also be in improved customer service and manufacturing. Toyota led the way in improving its production of automobiles, an innovation that has been adapted by many manufacturing organizations globally.
- It has been argued that there are four key approaches to defining a new product innovation. Discuss the importance of each of the approaches identified below, and provide examples.
- Firm-oriented
 - Product-oriented
 - Market-oriented
 - Consumer-oriented
- 14.10. Describe the need recognition process that took place before you purchased your last can of soft drink. How did it differ from the process that preceded the purchase of a new pair of sneakers? What role, if any, did advertising play in your need recognition?
- 14.11. List three colleges that you considered when choosing which college or university to attend and the criteria that you used to evaluate them. Describe how you acquired information on the different colleges along the different attributes that were important to you and how you made your decision. Be sure to specify whether you used compensatory or noncompensatory decision rules.
- 14.12. The key characteristics that influence buyer behavior toward new products are perceived risk, media influence, social characteristics, and demographic characteristics. Imagine that you are planning to purchase a brand new luxury motor vehicle, and explain how each of these factors would affect your purchase decision. Please use examples to support your responses.

Key Terms

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